

# Explorative BPM: Lecture 4

## Introduction to Purpose & Business



Lecturer:

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„Reference Module Design for Explorative Business Process Management“)

# Today: Lecture 4 – Introduction to Purpose & Business

		Module 1			Module 2	Module 3		Module 4	
THEORY		LECTURE 1 INTRO I	LECTURE 2 INTRO II	LECTURE 3 INTRO III	LECTURE 4 BUSINESS I	LECTURE 5 TECHNOLOGY I	LECTURE 6 TECHNOLOGY II	LECTURE 7 INTEGRATION	LECTURE 8 CONCLUSION
		<b>BPM:</b> •Introduction of key concepts	<b>eBPM:</b> •Intro am-bidexterity •5-Diamond Method	Innovation management •Key concepts •methods	•Organizational purpose •Mega- and business trends	•Digital technologies •Technology trends	•Affordances •Technology Acceptance Model	•Synthesis •Idea/Process generation & evaluation	•Final Presentation •Feedback
	PRACTICE	<b>GROUP WORK:</b> BPMN	<b>GROUP WORK:</b> Process Improvement Methods	<b>GROUP WORK:</b> Customer-Journey/Blueprint	<b>GROUP WORK:</b> Trends & Org. Purpose	<b>GROUP WORK:</b> Technology trends in industry	<b>GROUP WORK:</b> Emerging technology integration	<b>GROUP WORK:</b> Design Space Analysis	

# Questions to be answered



**How can the purpose and business diamond be applied?**

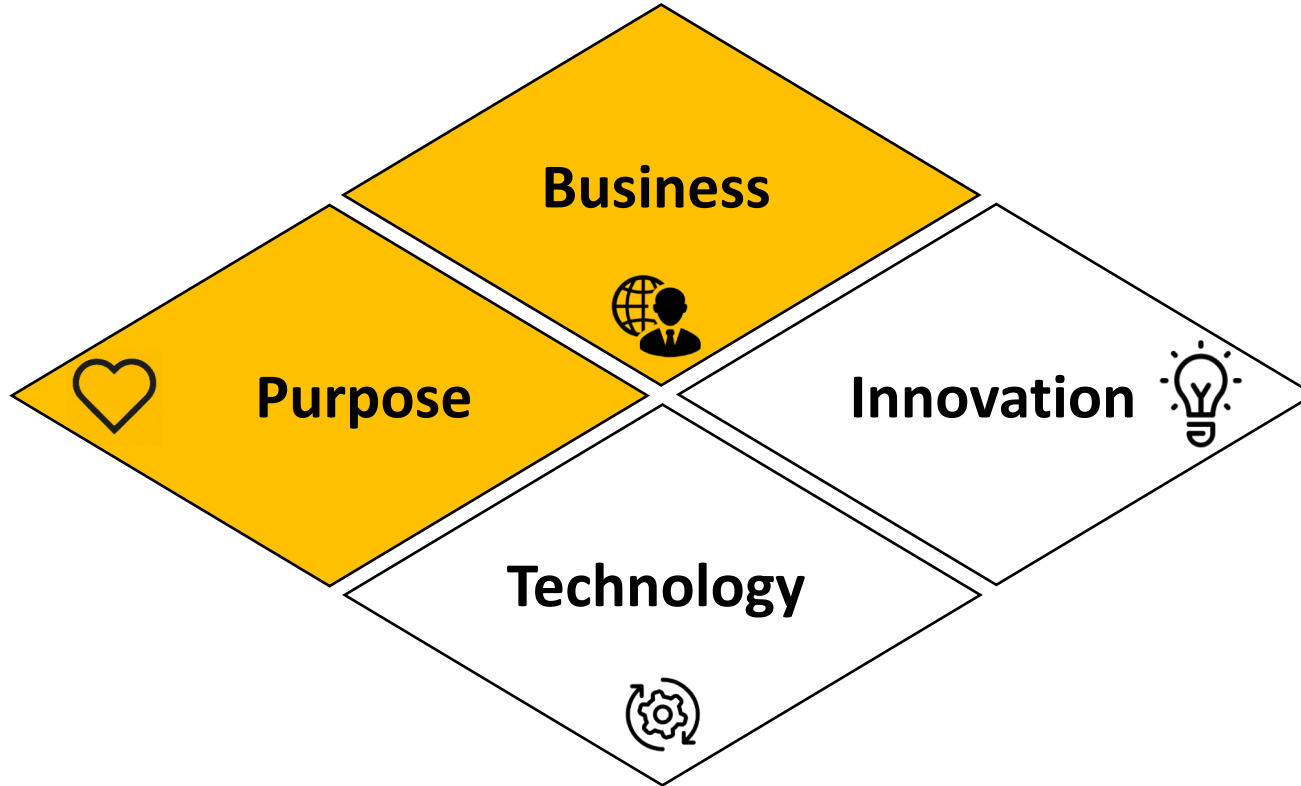


**What is the vision, strategy, and context of an organization?**

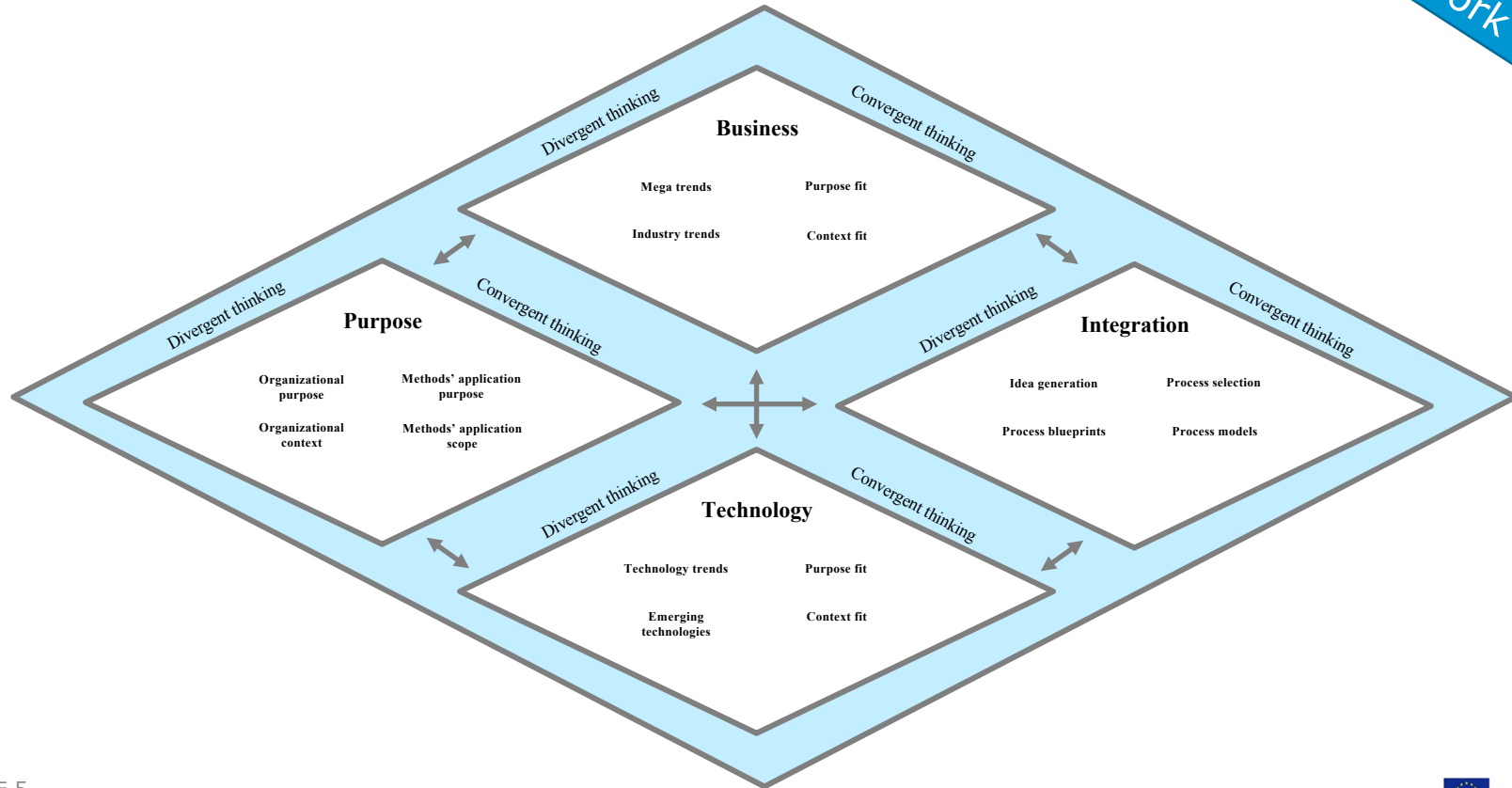


**What are mega and industry trends?**

# Focus of today's lecture



# Five-Diamond-Method for Explorative BPM: Detailed view



# Purpose Diamond

## Activity 1: Purpose diamond

### Techniques

- Define the purpose of the organization (divergent)
- Define the organizational context of the organization (divergent)
- Define the purpose of the method application (convergent)
- Define the scope of method application (business unit, department, etc.) (convergent)

### Tools

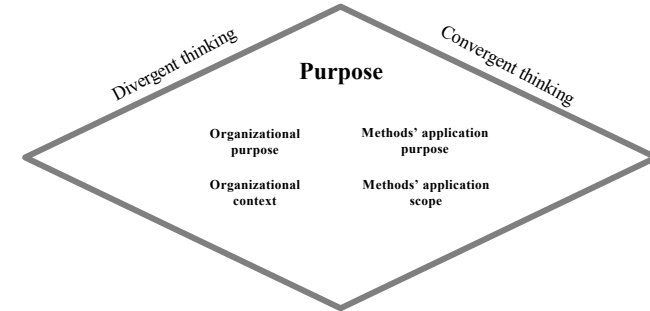
- Group discussions related to organizational purpose, purpose and scope of method application
- Industry classification schemes (e.g., NACE, GICS)

### Roles

- BPM manager / process consultant\*
- Senior manager\*\*
- Facilitator

### Output

- Defined purpose as boundary conditions for activity 2 to activity 4



# Business Diamond

## Activity 2: Business diamond

### Techniques

- Identify mega trends (divergent)
- Identify industry trends (in industry in focus and related industries) (divergent)
- Evaluate mega and industry trends (in line with the purpose) (convergent)
- Select relevant mega and industry trends (in line with the purpose) (convergent)

### Tools

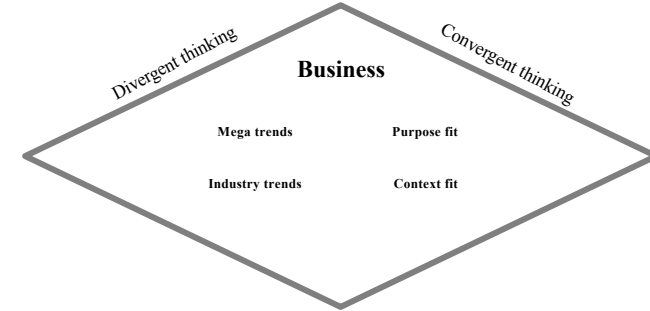
- Multi source research (e.g., internet, competitors, interviews, conferences, market research institutes)

### Roles

- BPM manager / process consultant\*
- Business and market analyst\*\*
- Business developer\*\*
- Facilitator

### Output

- Relevant mega and industry trends



# Questions to be answered



**How can the purpose and business diamond be applied?**



**What is the vision, strategy, and context of an organization?**



**What are mega and industry trends?**



# What is the Purpose?



## Definition

The purpose encourages participants to articulate “**why we are here**” from the viewpoint of the organization. It incorporates **values and norms** that are associated with the organizational behavior and its ambition. Importantly, the purpose diamond does not specify any business-related strategy. It forces the organization to abstract its underlying assumption to the extent that it can be defined in the absence of their products and services. This, in turn, opens up a space to think of new solutions which are directly related to the underlying purpose. Furthermore, the organization should **map out the context** covering their industry and customers in which it is operating (*technique*). This can be supported by means of industry classification schemes and customer segmentation schemes (*tool*). It is then important to move to the **convergent phase** to define the purpose of applying the Five-Diamond-Method (*technique*). This is important in order to specify the concrete expectations of the organization and helps to align the participants’ foci.

Sources: Blound and Leinwand, 2019; Westermann and Bonnett, 2016

# How does the organizational context relate to BPM?



## Definition

Recently, a principle of context awareness has been identified as one **critical capability** for successful BPM implementations (vom Brocke et al., 2014). Rooted in contingency theory (Donaldson, 2001), the principle of context awareness assumes that there is **no unique way** of managing business processes but that **BPM should fit the organization** and the management of processes should fit the **process nature** (vom Brocke et al., 2014). Similarly, Melão and Pidd (2000) argue that it is crucial to understand the nature of processes (e.g., deterministic machines, complex dynamic systems, interacting feedback loops, and social constructs) and that process management approaches should be adapted to the nature of the process in focus. [...] The aim of this research stream is to increase the flexibility of business processes with regards to various contextual factors; context is defined as any information that is relevant to and might affect the execution of a business process (Kröschel, 2010).

Vom Brocke et al. (2016)

# Context Framework



Contextual factors	Example characteristics		
Goal dimension			
Focus	Exploitation (Improvement)	Exploration (Innovation)	
Process dimension			
Value-contribution	Core Process	Management Process	Support Process
Repetitive-ness	Repetitive	Non-Repetitive	
Knowledge-intensity	Low	Medium	High
Creativity	Low	Medium	High
Inter-dependence	Low	Medium	High
Variability	Low	Medium	High

Contextual factors	Example characteristics		
Organization dimension			
Scope	Intra-Organizational	Inter-Organizational	
Industry	Product	Service	Product & Service
Size	Start-Up	Small & Medium	Large
Culture	Highly Supportive of BPM	Med. Supportive of BPM	Non-Supportive of BPM
Resources	Low	Medium	High
Environment dimension			
Competitive-ness	Low	Medium	High
Uncertainty	Low	Medium	High

# Industry classification schemes help organizing companies in industrial groups



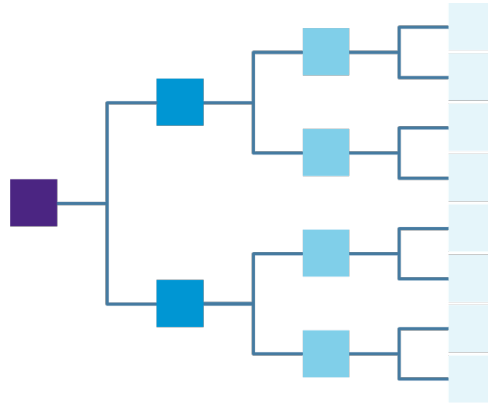
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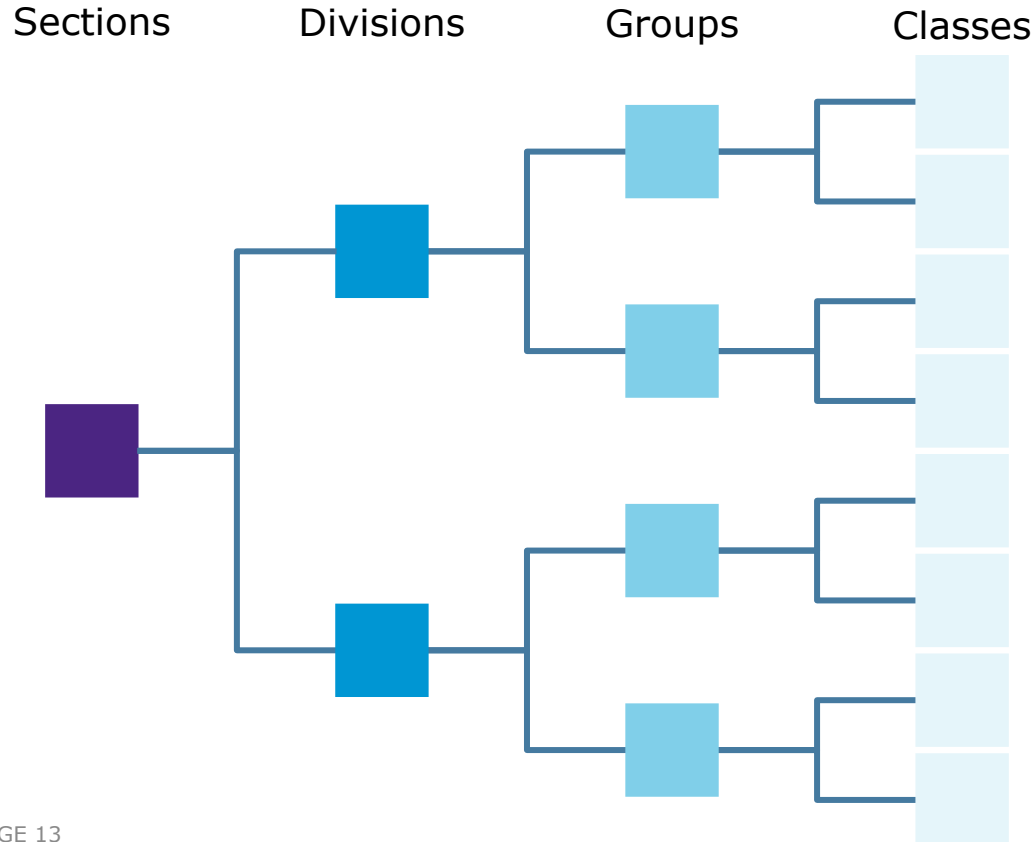
## Definition

There can be no economic analysis without a **classification**. Only a classification can give precise enough meaning to the terms that crop up so often in economic reports  $\frac{3}{4}$  "textile industry", "furniture", "steel industry" and the rest.



Guibert, et al. (1971)

# Example: Statistical Classification of Economic Activities in the European Community (NACE)



## NACE

- NACE is the industry classification system used in the EU
- NACE uses four hierarchical levels for structuring
- NACE is a compromise between the level of detail required by "the main users" and the workload of statistical offices
- French acronym: Nomenclature statistique des activités économiques dans la Communauté européenne

# Example: NACE – 1<sup>st</sup> level grouping



## Overview over the Sections (1<sup>st</sup> level grouping)

<b>A</b> Agriculture, Forestry and Fishing	<b>B</b> Mining and Quarrying	<b>C</b> Manufacturing	<b>D</b> Electricity, Gas, Steam and Air Conditioning Supply	<b>E</b> Water Supply; Sewerage, Waste Management and Remediation Activities	<b>F</b> Construction	<b>G</b> Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
<b>H</b> Transportation and Storage	<b>I</b> Accommodation and Food Service Activities	<b>J</b> Information and Communication	<b>K</b> Financial and Insurance Activities	<b>L</b> Real Estate Activities	<b>M</b> Professional, Scientific and Technical Activities	<b>N</b> Administrative and Support Service Activities
<b>O</b> Public Administration and Defence; Compulsory Social Security	<b>P</b> Education	<b>Q</b> Human Health and Social Work Activities	<b>R</b> Arts, Entertainment and Recreation	<b>S</b> Other Service Activities	<b>T</b> Activities of Households as Employers [...]	<b>U</b> Activities of Extraterritorial Organisations and Bodies

# Questions to be answered



**How can the purpose and business diamond be applied?**



**What is the vision, strategy, and context of an organization?**



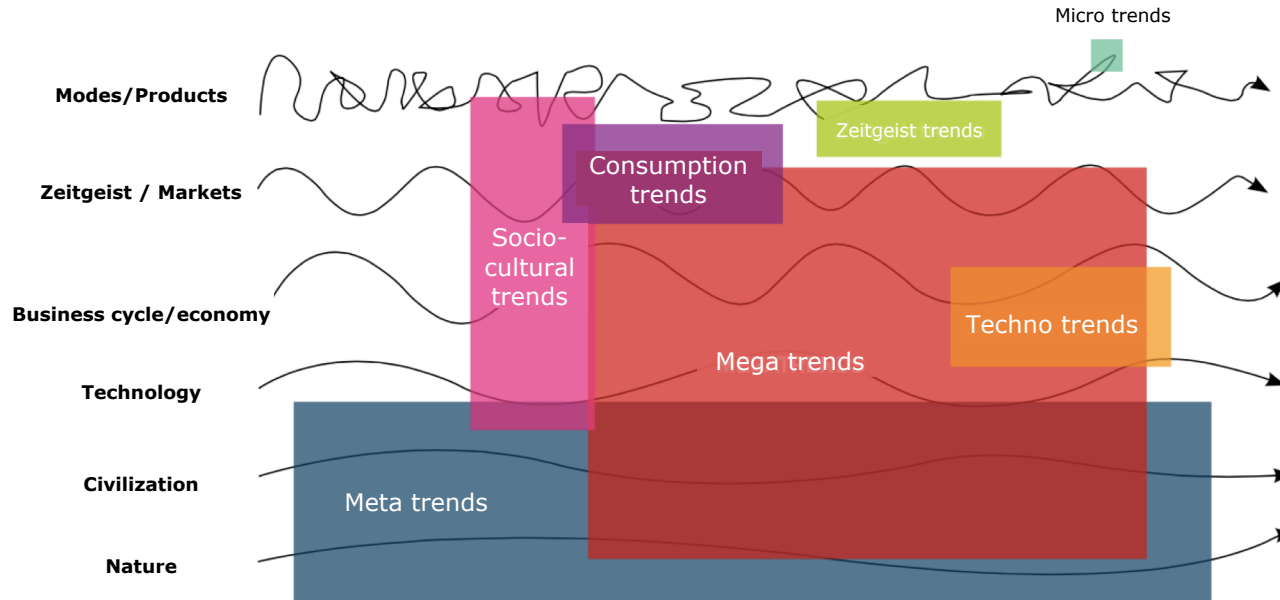
**What are mega and industry trends?**

# Trends can be categorized into different categories



## Trend categories in the wave model

The different speeds of change





# What is a Mega trend?



## Definition

**Trends** are general directions in which technology, business, culture, people, markets, or the economy are developing and changing. Trends vary in their impact and duration, while **megatrends** occur across regions, industries, and demographics and bring about major changes. **Megatrends** are **long-term, global changes** whose dimensions range from society and technologies to basic economic principles. In a sense, megatrends are the blockbusters of change, those trends that have a large, epochal character. They have a long-term effect and last for several decades. The **decisive characteristic** of megatrends, however, is not so much their duration as their **impact**. They not only change individual segments or areas of social life or the economy. They are **transforming entire societies**. They are clusters of trends, because they bring together different movements of change: **technological, social and economic**.

Source: Kumar 2013; Mason et al. 2015; Zukunftsinstitut & Naisbitt, 1982

# Criteria for recognizing and defining Mega trends



## Duration



- The trend has a duration of several decades

## Ubiquity



- The trend shows effects in all social areas, in the economy, in consumption, in the change of values, in the coexistence of people, in the media, in the political system, etc.

## Globalization

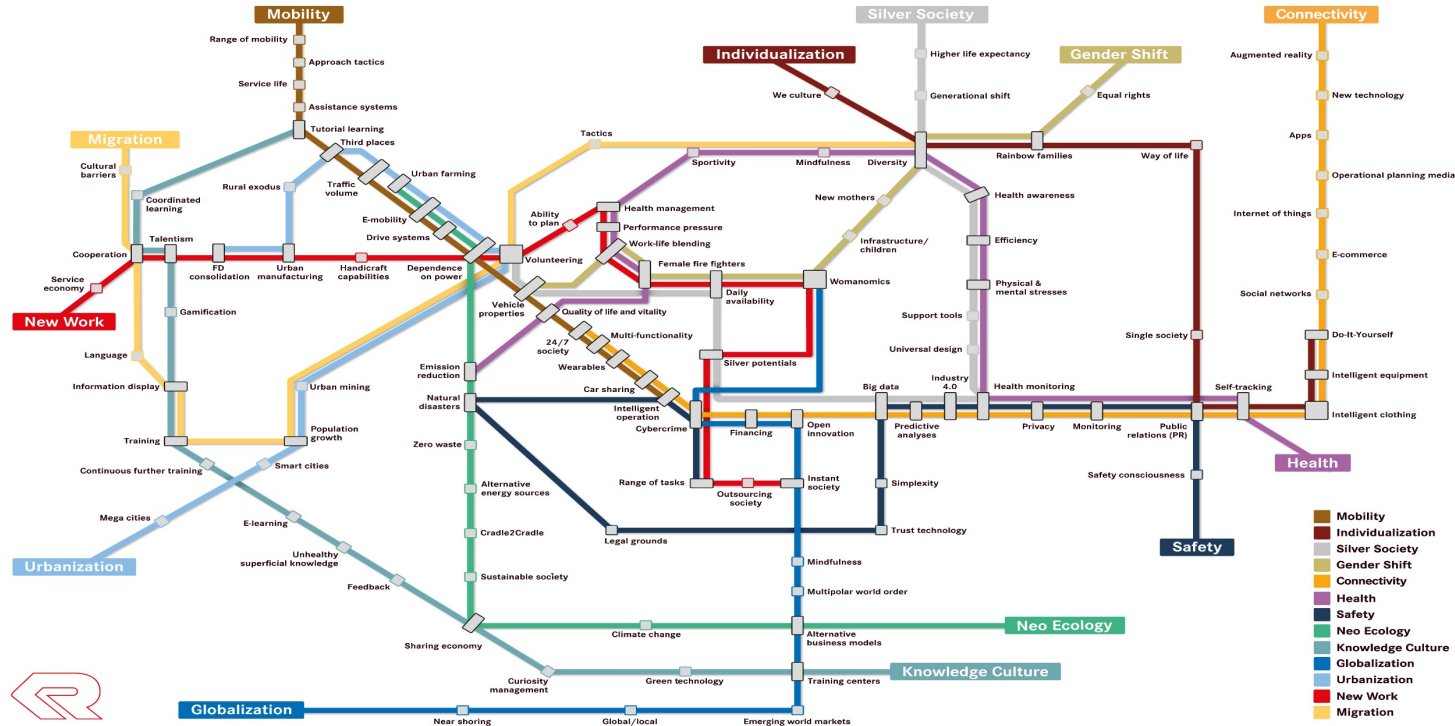


- Megatrends are global phenomena. Even if they are not very pronounced everywhere at the same time, sooner or later they can be observed everywhere in the world

## Complexity



- Megatrends are complex and multidimensional trends. They generate their dynamics and their evolutionary pressure also through their interactions



# What is an industry trend?



## Definition

**Industry trends** are patterns or trends that occur **within a specific industry**. These trends may relate to price, cost, consumer purchasing, marketing, manufacturing, sales methodology or any number of other areas. Trends occur within every industry and can provide companies with **important data** to help them remain competitive in the marketplace.

While industry trends **can move quite quickly** and change frequently, the term is usually used to describe **industry activity over time** rather than sudden, brief divergences from the norm. For example, if the consumer purchase pattern of a given item has increased about two percent for each of the last five years, an analyst might say that this industry is exhibiting a slight growth trend. If, however, sales of the item remained relatively static for the first two years, saw a sharp increase in year three and then returned to the previous levels for the next two years, no trend is apparent. Instead, the sales spike would likely be considered an anomaly.

<https://www.wisegeek.com/what-are-industry-trends.htm>

# Examples for industry trends



## 7 Men's Fashion Trends That Will Rule 2020



by KIM DUONG | 1 WEEK AGO



<https://stylecaster.com/2020-mens-fashion-trends/>

## "Plant-Based Revolution" is Top Food Trend Prediction For 2020

🕒 October 28, 2019 📁 Hot Off The Vegan Press, Market & Trends

<https://vegconomist.com/market-and-trends/plant-based-revolution-is-top-food-trend-prediction-for-2020/>

The automotive revenue pool will significantly increase and diversify toward on-demand mobility services and data-driven services.

High-disruption scenario, \$ billion

<https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/disruptive-trends-that-will-transform-the-auto-industry>

**Military Virtual Training Market to See a Speedy Growth during 2019-2026 with Top Manufacturers Like Boeing, FlightSafety International, Thales, Rheinmetall Defence, Elbit Systems**

👤 Erika Thomas 📅 October 28, 2019

<https://www.marketexpert24.com/2019/10/28/military-virtual-training-market-to-see-a-speedy-growth-during-2019-2026-with-top-manufacturers-like-boeing-flightsafety-international-thales-rheinmetall-defence-elbit-systems/>

**Gas and renewables are pushing out coal. Natural gas and renewable energy generated 53 percent of U.S. electricity in 2018, up from 35 percent in 2009. This trend is expected to continue.**

<https://www.renewableenergyworld.com/2019/02/15/6-key-trends-in-sustainable-and-renewable-energy/#gref>

# Examples for trends in the food industry



**Buy local**



**Zero-Waste**



**Meat-Free**



**Minimizing  
food waste**



**Mindful  
eating**



**Instagram-  
able meals**



**Free-from  
foods**



**Healthy  
dieting**



**Going global**



**Fast(er)  
food**

# Answered Questions



## **How can the purpose and business diamond be applied?**

→ *Through a set of techniques and tools supported by divergent and divergent thinking*



## **What is the vision, strategy, and context of an organization?**

→ *The vision of the organization determines the strategy of the organization*

→ *There are a lot of concepts and frameworks to structure strategic approaches*



## **What are mega and industry trends?**

→ *Mega and industry trends are important for the organizations success*

→ *Mega trends are global patterns – industry trends are specific to one industry*

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